A2575-2

American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 9, No. 4

MAY 15, 1985

APRIL 1985

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

During April, the level of petroleum products supplied fell 285 MBD (1.8%) from prior-year levels. The increase in gasoline deliveries was overshadowed by a roughly 340 MBD drop in residual fuel oil demand and a partly weather-related drop in distillate deliveries. Overall, the recent slowdown in demand parallels developments in economic activity.

Crude oil production was slightly ahead of year-ago levels in spite of a one-day shutdown of trans-Alaskan pipeline flow. Imports were below prior-year levels in April despite some lessening of price volatility in world markets. Inventories, as is normal for April, were little changed from March levels.

PRODUCTS SUPPLIED[1/]

Gasoline

UP MORE THAN 2½% OVER LAST YEAR.

Gasoline deliveries rose 176 MBD (2.6%). Recent data indicate that about 85 MBD of this increase was attributable to blenders not heretofore included in the reporting universe, accounting for roughly one-half of the year-to-year increase. As in previous months, increased real disposable income and lower gasoline prices, still below last year's level despite April increases, were the major cause for the remainder of the increase.

Pump prices rose about 4½¢ a gallon in April but, on average, were still about 2¢ below last year's level (or roughly 6¢ lower when adjusted for inflation). Real disposable income rose close to 3% during the February 1984/February 1985 period.

The market share of unleaded gasoline, at about 63%, is close to five percentage points above year-ago levels. It has remained in a narrow, low-60's range for the past several months.

Both the infusion of new cars and the scrapping of old cars, most of which in the past had been using leaded gasoline in less fuel-efficient engines, affect the rate of change in unleaded's market share.

Distillates

ALMOST 6% LOWER THAN LAST YEAR.

Last month's weather was about 20% warmer than normal and 26% warmer than last year. This large deviation, though having a lesser effect late in the heating season, still depressed heating oil sales, accounting for more than half the 168 MBD (5.7%) year-to-year decline in distillate deliveries. The remainder of the decrease is attributable mainly to lower demand in the trucking and railroad sectors of the distillate market. Truck and rail traffic are both estimated to have been some 2%-3% below last year.

Residual Fuel Oil

DOWN 25% COMPARED WITH LAST YEAR.

Residual fuel deliveries reached a recent-year April low last month. Continued declines in deliveries to electric utilities and industrial customers accounted for the 343 MBD (25.3%) year-to-year deliveries decrease. Deliveries to electric utilities fell an estimated 200-250 MBD in April. During April, the year-to-year increase in electricity generation, partly because of warmer-than-normal weather, was held to about 2%. Alternate fuels are estimated to have supplied a larger share of electric utility needs in April, decreasing the residual fuel share to roughly 3%.

Even during January, when generation was extremely high, residual fuel oil supplied to electric utilities had dropped almost 300 MBD and February deliveries were some 200 MBD below last year, the 12th consecutive month of year-to-year decreases. These decreases are in line with the long-term trend that has seen petroleum's share of input for electricity generation deteriorate from 13.6% in 1979 to 1984's 4.9%.

While coal has experienced an uninterrupted advance and has dominated input at electric utility plants, competition between natural gas and residual fuel oil has intensified during the past couple of years.

Residual fuel oil prices, relatively strong until the end of the U.K. coal strike early in March, have since deteriorated, posting a roughly $2/bbl. decrease in April from prior-month prices to a level about $3/bbl. below last April. Overall, these price moves should have favored resid sales, but estimated April delivery levels surprisingly do not reflect this advantage. Sales to industrial customers are estimated to have fallen more than 100 MBD in April.

Previously relatively stable natural gas prices also weakened somewhat in recent months, in good part because of competition from lower-priced imports and special gas marketing programs by major gas distributors. The effect is especially pronounced in industrial markets, where dual-fuel-use boilers, installed originally in many instances as a backup in case of supply interruptions, are proliferating. This capability provides users with the increased opportunity to take prompt advantage of changes in the relative prices of natural gas and residual fuel oil and enhances their negotiating strength.

Kerosine Jet Fuel

ONLY SLIGHTLY AHEAD OF LAST APRIL.

Kerosine jet fuel deliveries rose only 1.4% in April compared with year-earlier levels. For the first four months, the year-to-year increase is about 2.8%. The year-to-year increase in miles flown approximated 6%-7% during the first two months; warmer weather and a spate of incentive fares may well have increased those rates in March and April. Increased efficiency of the fleet explains a portion of the difference in the rates of increase of jet fuel deliveries and miles flown. The remaining gap, however, is difficult to understand. Absent a substantial shift in the inventory practices of airport operating companies, deliveries over several months should reflect the general trend.

Other Oils

UP LESS THAN 1% OVER LAST APRIL'S LEVEL.

Other oils were supplied at an 0.6% higher rate in April than last year. Sales to chemical companies appear to have suffered in recent months as that industry appeared only gradually to recover from the late 1984 slump. Because of extremely strong chemical company sales during the early part of 1984, first quarter 1985 results reportedly are somewhat below year-earlier levels. The recent-months recovery in operating rates reflects, in part, the wind-down of petrochemical inventory liquidations.

Reflecting the chemical industry's slowed activity compared with early 1984 levels, daily average deliveries of petrochemical feedstocks fell about 16% during the January/February 1985 period (latest current year data available) compared with those in the corresponding 1984 period and are believed to have fallen at an even greater rate in April.

Sales of liquefied petroleum gases rose during the January/February period. This was at least partly the result of weather-related higher propane sales; propane sales for April, too, are believed to have exceeded last year's. Ethane deliveries, while lower in January and February, are also estimated to be ahead of last year in April.

The daily average of asphalt and road oil deliveries during January/February 1985 was about the same as during the same period last year, and no large increases are estimated to have occurred since. Infusion of state and local funds has been sustaining sales, as substantial federal funds have only recently been allocated to the states.

(In millions of B/D)	APRIL ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1985	1984	% Change	1985	1984	% Change
—Total domestic products supplied	15.2	15.5	(1.8)	15.8	15.9	(0.7)
—Motor gasoline supplied	6.9	6.7	2.6	6.6	6.4	2.6
—Distillate fuel oil supplied	2.8	2.9	(5.7)	3.2	3.1	0.9
—Residual fuel oil supplied	1.0	1.4	(25.3)	1.3	1.6	(20.9)

PETROLEUM SUPPLY[1/]

Total supply fell 582 MBD from year-ago levels, all but 5% the result of a 548 MBD imports decline.

Production

MINIMALLY ABOVE LAST APRIL.

Crude oil production rose 25 MBD (0.3%) in April compared with last year's level. Kuparuk output is estimated to have risen some 100 MBD, but overall North Slope output was adversely affected by a roughly-one-day shutdown of the Alaskan pipeline which reduced average flow for the month by about 80 MBD. Lower 48 output rose slightly. Recent year-to-year increases in lower 48 production have raised production levels to a point some 1.7 million barrels per day above those that likely would have prevailed, had the deterioration in production during the seventies continued.

Imports

DOWN ABOUT 11% FROM APRIL 1984 LEVELS.

Total petroleum imports fell 548 MBD (10.6%) from prior-year levels. During the first quarter, the more than 1 MMBD decline in imports was roughly matched by higher inventory withdrawals than last year. While it is surprising that imports did not recover to a greater degree in April in view of market firming late in the first quarter, some continued price volatility may have been the cause.

Almost two-thirds of the total decline is the result of lower product imports, which was almost entirely the result of a 322 MBD (50.5%) drop in residual fuel oil imports; the current level of resid imports is the lowest in thirty years.

The end of the U.K. coal strike is believed to have cut crude runs in European refineries, resulting, in the process, in somewhat lower gasoline production and world market export availability. Imports of gasoline (including gasoline components) to the U.S., however, rose almost 15% to more than 400 MBD in April compared with last year's levels. In addition, difficulties surrounding product classifications have still not been resolved, and, as a result, gasoline imports may well be understated.

Canada was the largest source of petroleum imports into the U.S. in February followed by Mexico and Venezuela. About 31% of all imports came from OPEC countries, the same proportion as in the prior month but about two percentage points less than last February.

Inventories

ABOUT EQUAL TO LAST MONTH'S LEVEL.

Total petroleum inventories, which have exhibited wide swings in April over the past decade, stayed at about the same level as in March. While lower than last year, they are in total still some 100 million barrels above estimated minimum operating levels.

Crude oil inventories rose about 12 million barrels in April, returning almost to the midpoint of the 340-360 million barrel range in which they had been moving during the past three years.

Gasoline inventories (consisting of finished leaded and unleaded gasoline plus unfinished components held at refineries) are about 34 million barrels below last year. In 1984, the need to replenish distillate inventories depleted by cold winter weather also resulted in higher gasoline production and a considerable late-winter/early-spring build-up in gasoline inventories.

Distillate inventories are close to last year's level. Distillate production and imports were both higher in April than last year.

Operations

UTILIZATION UP 1½ PERCENTAGE POINTS.

The 600 MBD drop in operable capacity was about three times as great as the decline in input to distillation units, raising the utilization rate by 1.5 points. With crude inventories substantial, there is ample room to increase production from the roughly 2.4 million barrels of remaining capacity in actual operation. Some 1.3 million barrels of additional capacity is currently classified as idle, some portion of which could be returned to service and utilized to increase production, should demand levels so require.

(In millions of B/D)	APRIL ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1985	1984	% Change	1985	1984	% Change
—Total supply	16.1	16.7	(3.5)	15.7	16.5	(5.2)
—Crude production[2/]	8.9	8.9	0.3	8.9	8.8	1.7
—Crude oil imports[3/4/]	3.0	3.2	(6.2)	2.6	3.1	(16.3)
—Product imports	1.6	1.9	(18.2)	1.7	2.2	(21.6)

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 465 million barrels as of April 30, 1985).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	APRIL			YEAR-TO-DATE		
	1985[1]	1984[2]	% Change	1985[3R]	1984[2]	% Change
Products Supplied:						
Total motor gasoline	6,857	6,681	2.6	6,590	6,426	2.6
Finished leaded motor gasoline*	2,564	2,827	(9.3)	2,439	2,727	(10.6)
Finished unleaded motor gasoline*	4,293	3,854	11.4	4,151	3,699	12.2
Naphtha-jet	245	242	1.2	223	209	6.7
Kerosine-jet	921	908	1.4	956	930	2.8
Distillate fuel oil	2,761	2,929	(5.7)	3,163	3,136	0.9
Residual fuel oil	1,014	1,357	(25.3)	1,303	1,647	(20.9)
All other oils[4]	3,558	3,536	0.6	3,752	3,766	(0.4)
Reclassified[5]	- 156	- 168	(7.1)	- 179	- 197	(9.1)
Total domestic products supplied	15,200	15,485	(1.8)	15,808	15,917	(0.7)
Exports	879	655	34.2	851	664	28.2
Total products supplied	16,079	16,140	(0.4)	16,659	16,581	0.5
Supply:						
Domestic production:						
Crude oil[6]	8,907	8,882	0.3	8,933	8,784	1.7
Natural gas liquids	1,641	1,616	1.5	1,642	1,604	2.4
Other supply[7]	932	1,016	(8.3)	822	903	(9.0)
Total domestic supply	11,480	11,514	(0.3)	11,397	11,291	0.9
Imports:						
Crude oil, total	3,045[10/]	3,247[10/]	(6.2)	2,564[10/]	3,064[10/]	(16.3)
Canadian	418	429	(2.6)	389	352	10.5
Other	2,627	2,818	(6.8)	2,175	2,712	(19.8)
Products, total	1,556	1,902	(18.2)	1,703	2,171	(21.6)
Residual fuel oil	315	637	(50.5)	522	857	(39.1)
Other	1,241	1,265	(1.9)	1,181	1,314	(10.1)
Total imports	4,601	5,149	(10.6)	4,267	5,235	(18.5)
Total supply	16,081	16,663	(3.5)	15,664	16,526	(5.2)
Stock change, all oils	+ 2	+ 523	XXXX	- 995	- 55	XXXX
Refinery Operations						
Input to crude oil distillation units	11,839	12,059	(1.8)	11,610	12,052	(3.7)
Operable capacity	15,514	16,114	(3.7)	15,533	16,141	(3.8)
Refinery utilization (%)[8]	76.3%	74.8%	2.0	74.7%	74.7%	-
Crude oil runs	11,677	11,893	(1.8)	11,477	11,873	(3.3)

Stocks (millions bbls.)	1985		1984[2]	% Change from . . .	
	Apr. 30[9]	Mar. 31[9]	Apr. 30	Previous Month	Year Ago
Crude oil 10/	347.2	334.8r/	347.6	3.7	(0.1)
Unfinished oils	112.5	107.2r/	120.3	4.9	(6.5)
Total motor gasoline**	214.3	220.6r/	248.0	(2.9)	(13.6)
Finished leaded motor gasoline*	78.1	82.4	101.0	(5.2)	(22.7)
Finished unleaded motor gasoline*	102.0	102.5r/	106.4	(0.5)	(4.1)
Naphtha-jet	6.2	6.5	6.7	(4.6)	(7.5)
Kerosine-jet	34.9	34.7	34.0	0.6	2.6
Distillate fuel oil	96.5	99.6r/	97.8	(3.1)	(1.3)
Residual fuel oil	45.7	44.9	47.4	1.8	(3.6)
All other oils	127.9	136.8r/	166.2	(6.5)	(23.0)
Total all oils	985.2	985.1r/	1,068.0	-	(7.8)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-February, U.S. Department of Energy, March-April, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.